

INTREPID CAPITAL CORP
Form 10QSB/A
September 02, 2003

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB/A

Amendment No.1

(Mark One)

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002

OR

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____

Commission file number 333-66859

INTREPID CAPITAL CORPORATION

(Exact name of Registrant as specified in its Charter)

DELAWARE
(State of Incorporation)

59-3546446
(I.R.S. Employer Identification No.)

3652 South Third Street, Suite 200, Jacksonville Beach, Florida
(Address of principal executive offices)

32250
(Zip Code)

(904) 246-3433
(Registrant's telephone number)

N/A
(Former name, former address and former fiscal year, if changed since last report)

As of October 31, 2002, there were 3,350,183 shares of Common Stock, \$0.01 par value per share, outstanding, and 1,000 shares of Common Stock issued and held in treasury.

Transitional Small Business Disclosure Format (check one): Yes No

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For the Quarter Ended September 30, 2002**

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Restatement

Intrepid Capital Corporation (the Company) is amending its quarterly report on Form 10-QSB for the quarter ended September 30, 2002, to reflect the effects of a compensation agreement which was entered into during the second quarter of 2002 and was not fully included in the aforementioned report. The restatement for the three and nine months ended September 30, 2002, as disclosed in Note (2) Restatement herein, involved i) reducing compensation expense by \$100,000 and recording additional interest expense of \$3,300 for the three months ended September 30, 2003, ii) recording additional compensation expense of \$264,000 and additional interest expense of \$3,300 for the nine months ended September 30, 2002, and iii) reflecting 200,000 additional stock options as having been issued during the second quarter of 2002. The consolidated financial statements as of and for the three and nine months ended September 30, 2002 are restated herein.

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ITEM 1. FINANCIAL INFORMATION

INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets
September 30, 2002 and December 31, 2001
(unaudited)

	2002 (As restated, Note 2)	2001
Assets		
Current assets:		
Cash and cash equivalents	\$ 597,553	641,577
Investments, at fair value	86,125	81,935
Accounts receivable	218,442	130,504
Prepaid and other assets	648,153	164,859
Total current assets	1,550,273	1,018,875
Notes receivable	323,919	323,919
Equipment and leasehold improvements, net of accumulated depreciation of \$321,626 in 2002 and \$218,174 in 2001	480,889	360,348
Intangible assets, net of accumulated amortization of \$77,981 in 2002	813,243	891,224
Goodwill, net of accumulated amortization of \$7,131 in 2002 and 2001	3,598,789	3,598,789
Total assets	\$ 6,767,113	6,193,155
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 387,513	209,984
Accrued expenses	677,848	651,865
Current portion of notes payable	100,000	3,725,000
Other	108,752	196,380
Total current liabilities	1,274,113	4,783,229
Deferred compensation (Note 2)	195,223	
Pension plan obligation	213,367	214,989
Notes payable, less current portion	100,000	100,000
Total liabilities	1,782,703	5,098,218
Stockholders equity:		
Preferred stock, Class A, \$.01 par value. Authorized 5,000,000 shares; issued 1,166,666 shares at September 30, 2002 (aggregate liquidation preference \$3,589,897)	3,500,000	
Common stock, \$.01 par value. Authorized 15,000,000 shares; issued 3,350,183 shares at September 30, 2002 and December 31, 2001	33,502	33,502
Treasury stock, at cost - 1,000 shares	(3,669)	(3,669)
Additional paid-in capital	3,527,018	3,616,915
Accumulated deficit	(2,072,441)	(2,551,811)
Total stockholders equity	4,984,410	1,094,937

\$ 6,767,113

6,193,155

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Operations
 Three and Nine month periods ended September 30, 2002 and 2001
 (unaudited)

	Three months ended September 30		Nine months ended September 30	
	2002 (As restated, Note 2)	2001	2002 (As restated, Note 2)	2001
Revenues:				
Asset management fees	\$ 922,897	198,679	2,566,658	602,578
Investment banking revenues	257,165	74,738	7,487,170	341,386
Commissions	214,343	331,354	790,273	1,025,509
Other	32,771	15,211	164,571	75,479
Total revenues	1,427,176	619,982	11,008,672	2,044,952
Expenses:				
Salaries and employee benefits	1,290,145	455,657	6,398,105	1,625,729
Brokerage and clearing	52,551	64,866	164,005	199,888
Advertising and marketing	276,113	86,695	591,416	173,283
Professional and regulatory fees	494,059	79,994	1,959,887	212,376
Occupancy and maintenance	179,614	90,985	491,966	272,263
Depreciation and amortization	78,145	21,759	191,335	65,169
Interest expense	21,923	16,632	109,848	52,334
Other	174,100	61,383	488,044	197,999
Total expenses	2,566,650	877,971	10,394,606	2,799,041
Income (loss) from continuing operations before income taxes	(1,139,474)	(257,989)	614,066	(754,089)
Income tax expense (benefit)	(411,244)		134,696	
Income (loss) from continuing operations	(728,230)	(257,989)	479,370	(754,089)
Discontinued operations loss from discontinued operations		(311,898)		(345,007)
Net income (loss)	(728,230)	(569,887)	479,370	(1,099,096)
Dividends on preferred stock	43,750		89,897	
Net income (loss) attributable to common stockholders	\$ (771,980)	(569,887)	389,473	(1,099,096)
Income (loss) per common share Basic:				
Income (loss) from continuing operations	\$ (0.23)	(0.11)	0.12	(0.32)
Discontinued operations		(0.13)		(0.15)
Net income (loss) attributable to common stockholders per share	\$ (0.23)	(0.24)	0.12	(0.47)
Income (loss) per common share Diluted:				

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Income (loss) from continuing operations	\$ (0.23)	(0.11)	0.11	(0.32)
Discontinued operations		(0.13)		(0.15)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income (loss) attributable to common stockholders per share	\$ (0.23)	(0.24)	0.11	(0.47)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Basic weighted average shares outstanding	3,349,183	2,350,246	3,349,183	2,336,510
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Diluted weighted average shares outstanding	3,349,183	2,350,246	4,617,725	2,336,510
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Cash Flows
 Nine months ended September 30, 2002 and 2001
 (unaudited)

	2002 (As restated, Note 2)	2001
	<hr/>	<hr/>
Cash flows from operating activities:		
Net income (loss)	\$ 479,370	(1,099,096)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	191,335	65,169
Loss on sale of discontinued operations		327,747
Gain on disposal of assets	(936)	
(Purchases) sales of investments, net	(3,880)	8,939
Net trading profits	(310)	(3,246)
Change in assets and liabilities:		
Accounts receivable	(87,938)	14,190
Prepaid and other assets	(483,294)	200,265
Accounts payable and accrued expenses	113,615	192,360
Deferred compensation	195,223	
Pension obligation	(1,622)	
Other liabilities	(87,628)	10,822
Discontinued operations working capital changes		10,720
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	313,935	(272,130)
	<hr/>	<hr/>
Cash flows from investing activities:		
Purchase of equipment	(261,286)	(5,492)
Sale of equipment	28,327	
	<hr/>	<hr/>
Net cash used in investing activities	(232,959)	(5,492)
	<hr/>	<hr/>
Cash flows from financing activities:		
Proceeds from notes payable	1,500,000	
Principal payments on notes payable	(1,625,000)	(211,111)
Advances from shareholder		287,110
	<hr/>	<hr/>
Net cash (used in) provided by financing activities	(125,000)	75,999
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(44,024)	(201,623)
Cash and cash equivalents at beginning of period	641,577	419,616
	<hr/>	<hr/>
Cash and cash equivalents at end of period	\$ 597,553	217,993
	<hr/>	<hr/>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 91,463	43,422
	<hr/>	<hr/>
Cash paid during the period for income taxes	\$ 439,000	
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Supplemental disclosure of non-cash transactions:		

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Preferred stock issued to AJG upon conversion of AJG Note	\$ 3,500,000	
Preferred stock dividends accrued but not paid	\$ 89,897	

See accompanying notes to consolidated financial statements.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2002

(1) Summary of Significant Accounting Policies and Operations

(a) Organization and Basis of Presentation

Intrepid Capital Corporation (the Company), incorporated in 1998, is a Florida-based financial services holding company that conducts its business through its two wholly-owned subsidiaries: Intrepid Capital Management, Inc. (ICM) and Allen C. Ewing & Co. (Ewing).

ICM, a registered investment advisor, manages equity, fixed-income, and balanced portfolios for public and private companies, labor unions, endowments, foundations, and high net worth individuals and families. ICM has received authority to act as an investment manager in several states to meet the needs of its customers throughout the United States.

Ewing is a registered broker-dealer with the Securities and Exchange Commission (SEC) and a member of the National Association of Securities Dealers, Inc. (NASD) and the Securities Investor Protection Corporation (SIPC).

In a transaction effective December 31, 2001, the Company acquired all of the outstanding stock of ICC Investment Advisors, Inc., the operations of which were conducted through its wholly-owned subsidiary, The Investment Counsel Company (ICC). Subsequent to the acquisition, ICC was merged with and into ICM.

In a transaction effective October 30, 2001, the Company discontinued its resinous material operations formerly conducted through Enviroq Corporation (Enviroq) by selling all of the issued and outstanding capital stock of Sprayroq, Inc., Enviroq's 50% owned subsidiary. Enviroq remains a wholly-owned subsidiary of the Company to hold the promissory notes received in connection with the sale, but conducts no operations currently, as its operations consisted solely of its investment in Sprayroq, Inc.

The interim financial information included herein is unaudited. Certain information and footnote disclosures normally included in the financial statements have been condensed or omitted pursuant to the rules and regulations of the SEC. The Company believes that the disclosures made herein are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and related notes contained in the Company's Annual Report on Form 10-KSB filed with the SEC on April 1, 2002. Except as indicated herein, there have been no significant changes from the financial data published in the Company's Annual Report. In the opinion of management, such unaudited information reflects all adjustments, consisting of normal recurring accruals, necessary for fair presentation of the unaudited information. The results of operations for the three and nine month periods ended September 30, 2002 are not necessarily indicative of the results that may be expected for the full year.